that at least $2.3 trillion of the adjustments were not supported by documentation, reliable information, or audit trails.

The Defense Department is not the only agency with such problems. It is just the biggest.

The subcommittee's examination of the 1999 financial audit of the Health Care Financing Administration found that the agency had paid out an estimated $13.5 billion in improper payments for its Medicare fee-for-service program, something that is very important to the constituents of every Member of this House. That is roughly 8 percent of the fee-for-service program's $170 billion budget.

As the General Accounting Office testified at a subcommittee hearing earlier this year, the Health Care Financing Administration accounting procedures are so inadequate that no one can estimate how much of this money was lost to fraud.

These are just two examples of the enormous cost of the Government's poor management, outmoded business practices, and insufficient financial controls.

At a subcommittee hearing on the government-wide consolidated financial statement that was held this year, the Comptroller General of the United States, David M. Walker, testified that serious financial management weaknesses also exist at the Internal Revenue Service, the Forest Service, and the Federal Aviation Administration.

These weaknesses, he said, place billions of dollars of the taxpayers' money at high risk of being lost to waste, fraud, and misuse.

There is only one way to find these abuses, and that is to ferret out each wasted dollar agency by agency, program by program, and line by line. To accomplish this goal, we must make management a clear and unequivocal priority across the entire executive branch of the Federal Government.

General Accounting Office investigators came to the same conclusion in a January 2000 report: "Fixing the underlying weaknesses in high-risk program management areas can significantly reduce Government costs and improve services."

Congress must create a core of management experts who will not only have the ability and skill to address wasteful administration and program failures but who also have the power and mandate to force action and produce results.

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The Office of Management and Budget in the Executive Office of the President was created in the 1970s for the very purposes I have just outlined. I supported its creation and the belief that the power of the budget process would strengthen support for stronger management practices.

I was wrong.

For years, management experts, whom I respect within and outside the government, have said to me that the "M" in OMB is not management. It is a mirage.

The unpleasant reality is that tying management to the power of the budget process was an excellent theory but one that never worked. The pressures and dynamics of the annual budget process have simply overwhelmed nearly every initiative aimed at improving management. In effect, the fledgling management trees could not survive among the tangled and gnarled limbs of the budgetary forest.

Since serving as chairman of the Subcommittee on Government Management, Information and Technology for the last 6 years, it has become very clear to me that the executive branch could no longer continue on the present course of muddling along, then papering over the fundamental management deficiencies with more tax dollars. This course has left us vulnerable to monetary waste and threatens to disrupt vital government programs that serve millions of Americans.

This very real problem seized my attention in April of 1996 when I learned that the Federal Government's computers were not prepared to deal with the year 2000 date change, or the so-called Y2K or millennium bug. In one case after another, we had evidence that the government was simply not up to meeting it. Overall, however, the government and the private sector did meet it after this committee asked the President to put somebody in charge in the executive branch. When the president did make an appointment, it was not to OMB. It was as Assistant to the President. He had the President's ear, and that is what is important if you are going to get something done in the executive branch of the Federal Government.

After our Subcommittee on Government Management, Information and Technology began examining the year 2000 problem in 1996, we surveyed cabinet officers about their knowledge of the problem. The survey revealed that two cabinet officers had never heard of the Y2K or year 2000 problem, even though the Social Security Administration was doing it on their own with no guidance from any administration, be it Republican or Democratic, and a lot of the cabinet had done exactly nothing. So it was clear that the executive branch was not providing leadership. It was providing procrastination. When the executive branch finally awakened, it put the portfolio to handle Y2K on a desk occupied by an already overworked individual 16 hours a day, 7 days a week. In brief, the Office of Management and Budget provided no leadership.

One Federal agency was the exception to this serious lack of management foresight. The Social Security Administration recognized the year 2000 problem in 1989. That agency was steadfast in its commitment to solve this technological challenge, and it was one of the first agencies to announce in 1999 that its computer systems were Y2K compliant. It should be noted, however, that the agency had been working on the problem for a decade. So should the rest of the executive branch have been working on the problem.

The Federal Highway Administration had been alerted to the computer problem as early as 1987. That was even earlier than Social Security. The problem was, however, that nobody would listen to those who warned them about Y2K in the Department of Transportation. The Federal Highway Administration did not care. So the issue was never brought to the attention of the Secretary of Transportation. If it had been, one would hope that the Secretary would have been especially concerned about one of the Department's most critical agencies, the Federal Aviation Administration. Worse yet, the issue was never submitted to the President.

That would never have happened under President Eisenhower.

He had a cabinet who brought the issues up the system. He made a decision, initialed it 30 days later, said "six months from now I want to see you before the cabinet again." But in 1987 that was not the kind of government we had at that time.

In July of 1997, the gentlewoman from New York (Mrs. MALONEY), my ranking minority member on the subcommittee, and I wrote the President stating that there was an urgent need for him to designate a senior administration official to oversee the Federal Y2K effort and to encourage private sector initiatives to fix the problem.

The President did not act until February 1998 and then instead of relying on a budget-dominated OMB, the President brought out of retirement and appointed John Koskinen as an Assistant to the President. As I noted earlier, the President gave the authority to Mr. Koskinen to pull together the relevant officials who were responsible for computing systems in the various Federal agencies.

Mr. Koskinen had served the President as deputy director of OMB for management from 1993 to 1997. He retired in 1997. Yet, despite Mr. Koskinen's able leadership at some management matters at OMB, very few steps had been taken to address the year 2000 problem during the years when he was in charge of management.

Because of this stunning and inexcusable management failure, executive branch agencies were forced into a belated and unnecessary state of emergency action that added billions of dollars to the total cost of fixing government computers.

The year 2000 crisis provides powerful evidence of the need for an Office of Management with a Director reporting to the President. Our government must have one office that is focused solely on finding, deciphering, and solving this kind of problem before it occurs, not afterwards. We need one group of